



# CAFR

## 2013

### COMPREHENSIVE ANNUAL FINANCIAL REPORT



**VINCENT C. GRAY**  
MAYOR

**NATWAR M. GANDHI**  
CHIEF FINANCIAL OFFICER  
JUNE 2000–JANUARY 2014

**JEFF DEWITT**  
CHIEF FINANCIAL OFFICER  
PRESENT

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER

Year Ended September 30, 2013





VINCENT C. GRAY  
MAYOR

January 30, 2014

Dear Residents of the District of Columbia:

I am pleased to present the District of Columbia's (District's) Fiscal Year 2013 Comprehensive Annual Financial Report (CAFR). We completed Fiscal Year 2013 with a budgetary surplus of \$321 million, resulting in a General Fund balance of \$1.75 billion as of September 30, 2013, and the audit opinion is unqualified for the seventeenth consecutive year. Our fund balance is now at an all-time high and "cash on hand" is also at a record level. These results are compelling evidence that the District's finances are among the strongest of any jurisdiction in the nation and the strongest they have been in our history.

As in previous years, the District was able to continue to invest in neighborhoods and commercial projects, and continues to be an attractive destination for visitors and investors from all over the world. The District's population continues to grow at a record pace, adding more than thirteen thousand residents over the past year, making the District one of the fastest growing cities and states in the nation. We enjoy a "AAA" rating from Standard & Poor's on our Income Tax Secured Revenue Bonds, with ratings of "AA+" and "Aa1" from Fitch Ratings and Moody's Investors Service, respectively. All three rating agencies have "stable" outlooks on the District's income tax bonds. These strong bond ratings allow the District to secure lower interest rates to finance important investments in public capital projects such as schools, recreation facilities and playgrounds, streets and bridges.

The District's increasingly strong financial outlook, coupled with impressive job growth and a falling unemployment rate, is affirmation that our economic development and diversification strategies are working. Despite the challenges that federal budget cuts may bring to the District, the city's economy is vibrant and growing. Our growing prosperity will allow us to ensure financial stability in the years to come while also making important investments in the safety, health, education, and quality of life of all of our residents.

With your continued support, we will continue working to lift up communities in every ward to build a more prosperous, equitable, and sustainable District of Columbia.

Sincerely,

  
Vincent C. Gray



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**OFFICE OF THE CHIEF FINANCIAL OFFICER**



**Jeffrey S. DeWitt**  
Chief Financial Officer

January 30, 2014

The Honorable Vincent C. Gray  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

Dear Mayor Gray:

I am pleased to present the District of Columbia's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2013. As required by District law, the FY 2013 financial statements were examined by independent auditors. Based on the outcome of the audit performed, the independent auditors, KPMG, LLP, issued an unqualified (clean) opinion on the District's FY 2013 financial statements. This indeed is a noteworthy accomplishment because this marks the 17th consecutive year in which the District has received a clean audit opinion on its annual financial statements.

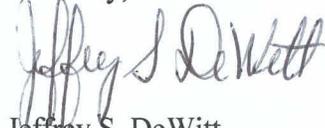
The District faced challenges on several fronts during FY 2013. Like so many other states, cities, counties, and municipalities across the nation, the District continued to confront challenges related to the national economy, including sluggish job growth and relatively flat unemployment. Those challenges were further complicated by the uncertainty surrounding the efforts being made by the federal government to reduce federal deficits and their impact on the District's economy and revenues.

Despite these and other challenges, the District's financial position continued to be strong in FY 2013. Our "rainy day" funds have increased over the last year. We now have \$791 million in reserve and our fund balance has increased to \$1.75 billion. Our bond ratings in FY 2013, were as follows: General Fund's General Obligation Bonds: AA- (Fitch Ratings), Aa2 (Moody's Investors Service), and AA- (Standard & Poor's Rating Service) and Income Tax Secured Revenue Bonds: AA+ (Fitch Ratings), Aa1 (Moody's Investors Service) and AAA (Standard & Poor's Rating Service). These strong ratings, indicative of the city's overall financial strength, allowed the District to access the market and issue \$39.6 million in Deed Tax Revenue Bonds, \$775.8 million in Income Tax Secured Revenue Bonds, and \$42.9 million in Federal Highway Grant Anticipation Revenue Bonds at competitive interest rates. The proceeds of these bonds were used to finance economic development projects, infrastructure enhancements and other capital projects. Residents should be assured that the District government functions well and has sufficient resources to provide necessary programs and services.

Sound financial management practices and fiscal discipline will continue to be the key ingredients for the District's future financial success. Towards that end, the Office of the Chief Financial Officer (OCFO) will continue to develop sound quarterly revenue estimates and structurally balanced budgets that ensure the District stays on the path of financial success. We are committed to utilizing sound business practices that incorporate strong and effective internal controls which allow us to maximize operational efficiency, produce accurate and reliable financial information, and comply with applicable laws and regulations.

Ending the fiscal year financially strong was due to the dedication and hard work of many across the city. I would like to thank all who have worked diligently to manage and account for the city's financial resources during the year. Through their cooperation and collaboration, the District was able to operate within budgetary constraints and timely issue its FY 2013 CAFR with a clean audit opinion. I also want to recognize the hard work and achievements of Dr. Natwar M. Gandhi, who is significantly responsible for our excellent financial position today. We, as one city and one government, truly have much of which to be proud.

Sincerely,



Jeffrey S. DeWitt  
Chief Financial Officer

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**Government of the District of Columbia  
Comprehensive Annual Financial Report  
Year Ended September 30, 2013**

**Vincent C. Gray  
Mayor**

**Natwar M. Gandhi  
Chief Financial Officer  
June 2000 – January 2014**

**Jeff DeWitt  
Chief Financial Officer  
Present**

**John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004**

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**DISTRICT OF COLUMBIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2013**

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**VINCENT C. GRAY**  
MAYOR

**NATWAR M. GANDHI**  
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JUNE 2000–JANUARY 2014

**JEFF DEWITT**  
CHIEF FINANCIAL OFFICER  
PRESENT

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER



# Government of the District of Columbia



## Office of the Chief Financial Officer Office of Financial Operations and Systems

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January 30, 2014

Mr. Jeff DeWitt  
Chief Financial Officer

The Comprehensive Annual Financial Report (CAFR) of the Government of the District of Columbia (District) for the fiscal year ended September 30, 2013, is herewith submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with District management and the Office of the Chief Financial Officer (OCFO). To the best of my knowledge and belief, the enclosed financial statements and schedules are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the District.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for state and local governments as promulgated by the Governmental Accounting Standards Board (GASB) and includes all disclosures necessary for readers to gain an understanding of the District's financial activities.

The ability to produce a timely and accurate CAFR depends upon the adequacy of the District's internal controls. Internal control is defined as a process, effected by an entity's governing board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) efficiency and effectiveness of operations; (b) reliability of financial reporting; and (c) compliance with applicable laws and regulations. Reasonable assurance is defined as a high, but not absolute, level of assurance about whether the financial statements are free of material misstatement. The District's management is responsible for establishing and maintaining adequate internal controls. The greatest challenge in establishing and maintaining adequate internal controls is ensuring that the control framework developed by management is comprehensive—that is, broad enough to achieve its intended purpose.

Due to certain inherent limitations, such as prohibitive costs, judgment errors, or potential for management override and collusion, internal control can only provide reasonable assurance that management's objectives will be achieved. However, routine, periodic audits help management assess, on an on-going basis, the adequacy of the District's internal controls. In accordance with D.C. Code § 47-119, an independent auditor audited the District's financial statements for the year ended September 30, 2013. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. In addition to issuing an opinion on the District's financial statements, the independent auditor, KPMG LLP, prepared a report, which was issued in conjunction with the CAFR, that discussed the auditor's consideration of the District's internal control over financial reporting and the outcome of the auditor's tests of the District's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other related requirements. This report is commonly referred to as the Yellow Book Report.

Moreover, an audit of compliance with the Federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133 is also performed annually and a separate report, often referred to as the Single Audit Report, is issued by the independent auditors. The District's fiscal year 2013 Single Audit Report will be issued at a later date.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and, therefore, does not discuss the District's financial operations and results, which are fully discussed in the MD&A. For that reason, this letter should be read in conjunction with the MD&A in order to gain a better understanding of the District's financial condition.

**PROFILE OF THE GOVERNMENT**

**Overview: Historical Background of the District**

President George Washington established Washington, D.C. (herein after referred to as D.C., the District of Columbia, or the District) in 1791 from territory ceded by the State of Maryland and the Commonwealth of Virginia. The United States Congress assumed jurisdiction over the District of Columbia, but citizens residing in the District of Columbia did not have voting representation in Congress.

Significant dates in the history of the District of Columbia are presented in the timeline shown in **Table T1**.

**Table T1 – Timeline: Key Dates in the History of the District of Columbia**

February 1801	Congress enacted the Organic Act of 1801, thereby dividing the capital district into Washington County (former Maryland area) and Alexandria County (former Virginia area).
1846	Congress passed a law allowing the City of Alexandria and Alexandria County to be returned to the Commonwealth of Virginia.
1871	Congress consolidated Georgetown, Washington City, and Washington County into one territorial government. The President appointed a territorial governor and council and an elected House of Delegates. A non-voting delegate to Congress was also established.
1874	The territorial government of the District of Columbia was abolished and the provision for a non-voting delegate to Congress was eliminated.
1878	The power to elect a territorial governor and council was eliminated. Congress established a three-member Board of Commissioners to govern the District of Columbia.
1961	The 23rd Amendment to the U.S. Constitution was ratified. Citizens of the District of Columbia were granted the right to vote in a presidential election.
1967	President Lyndon B. Johnson appointed Walter E. Washington Mayor of the District of Columbia.
1970	Congress passed the District of Columbia Delegate Act.
1971	Walter Fauntroy became the first Congressional Delegate to represent the District of Columbia.
1973	Congress passed the District of Columbia Home Rule Act, which provides for a popularly elected mayor and a 13-member Council.

Although Congress passed the Home Rule Act in 1973, Congress retained and continues to retain the right to review and overturn the legislative acts of the Council if both houses of Congress vote within 30 legislative days to do so. In addition, the budget for the District of Columbia government must be approved by Congress and the President of the United States.

The Home Rule Act prohibits the taxing of federal property, other tax-exempt property, and the income of non-District residents who work in the District.

In 1983, it was determined that the District could legally issue its own debt. On October 15, 1984, the District issued municipal debt for the first time, in the form of Tax Revenue Anticipation Notes (TRANS), which totaled \$150 million.

Although progress has been made on many fronts throughout the city’s history, District of Columbia residents still do not have voting representation in Congress. However, in accordance with the District of Columbia Delegate Act of 1970, U.S. Public Law 91-405, the citizens of the District of Columbia are represented in the House of Representatives by a Delegate, who is elected by the voters of the District of Columbia. Consistent with the Act:

*The Delegate shall have a seat in the House of Representatives, with the right of debate, but not of voting, shall have all the privileges granted a Representative by § 6 of Article I of the Constitution, and shall be subject to the same restrictions and regulations as are imposed by law or rules on Representatives. The Delegate shall be elected to serve during each Congress.*

The current D.C. Delegate, Congresswoman Eleanor Holmes Norton, has no voting power. However, despite her voting limitations, she has been able to accomplish much on behalf of the District of Columbia. Some of her recent accomplishments include the following:

- Urged Congress to prohibit the Federal Emergency Management agency (FEMA) from implementing proposed reductions in terrorist and disaster protection for the nation’s capital. The Senate Appropriations Committee barred the changes which FEMA had proposed, indicating that FEMA’s realignment plan: (a) was developed without stakeholder input as specifically required by the Homeland Security Act of 2002; (b) reduces financial resources for the Office of National Capital Region Coordination by over 30% in overall funding and 53% in personnel when compared to funding provided in fiscal year 2013; and (c) relocates responsibilities to the

FEMA Region 3 Office in Philadelphia, Pennsylvania, hundreds of miles away from the D.C. metropolitan area which FEMA is required to protect.

- Worked collaboratively with Congress which led to the passage of a bill by the Senate Appropriations Committee that gives the District budget autonomy. The bill, known as the Fiscal Year 2014 Financial Services and General Government Appropriations bill, reinforces the legislative provision granting D.C. budget autonomy as included in the fiscal year 2014 budget, at the Congresswoman's request. In July 2013, the Oversight and Government reform Committee approved a bill that includes two major elements of budget autonomy: (a) District government would no longer be subject to shutdowns and (b) the District could set its own fiscal year.
- Introduced a bill to give the District home-rule authority over the D.C. National Guard. The bill, titled the District of Columbia National Guard Home Rule Act, gives the Mayor of the District of Columbia authority, as governors have in their states, to deploy the D.C. National Guard during local emergencies, including natural disasters and civil disturbances unrelated to national or homeland security, after consultation with the Commanding General of the D.C. National Guard. The President of the United States would retain final authority over federal matters.

Congresswoman Norton earlier succeeded in getting authority for the Commanding General of the D.C. National Guard, rather than only the President, to deploy the Guard in order to avoid potential delays resulting from federal bureaucracy associated with "calling up" the D.C. National Guard.

- In March 2013, introduced the District of Columbia Medicaid Reimbursement Act, to relieve the District of a portion of Medicaid costs it has uniquely borne for years. Medicaid is financed mostly by the federal government and the states. However, the District, a city that has no state to support it, must alone absorb the state portion of Medicaid. The proposed bill would raise the federal contribution to the District's Medicaid program to 75%, up from the 70% required by the National Capital Revitalization and Self-Government Act of 1997.

For more information on the initiatives, activities and accomplishments of the D.C. Delegate, visit

Congresswoman Eleanor Holmes Norton's website at [www.norton.house.gov](http://www.norton.house.gov).

### Financial Reporting Entity

For financial reporting purposes, the District's reporting entity consists of: (1) the primary government; (2) five discretely presented component units: Health Benefit Exchange Authority, Housing Finance Agency, Not-For-Profit Hospital Corporation (d/b/a United Medical Center), University of the District of Columbia, and Washington Convention and Sports Authority and; (3) one blended component unit, the Tobacco Settlement Financing Corporation. The District of Columbia Housing Authority and the District of Columbia Water and Sewer Authority are considered related organizations because the District is not financially accountable for their operations. The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or the component units have been included in the reporting entity. Further information on the reporting entity can be found in Note 1B, page 56 of the Notes to the Basic Financial Statements.

The District and its component units provide a wide range of services to residents, including elementary, secondary, and postsecondary education; health and human services; economic development and regulation; public safety; transportation; and other general government services.

### Budgetary Information

During the first quarter of each fiscal year, agencies begin the budget formulation process for the upcoming fiscal year. On or about March 20 of each year, consistent with Section 442 of the Home Rule Act, the Mayor submits a balanced operating budget for the upcoming fiscal year to the Council for review and approval. The Council holds public hearings and adopts the budget (including a multi-year capital improvement plan, by project, for all District agencies) through passage of a Budget Request Act. The Mayor may not submit and the Council may not adopt any budget which presents expenditures and other financing uses that exceed revenues and other financing sources. After the Mayor approves the adopted budget, it is forwarded to the President and then to Congress for approval. Congress enacts the District's budget through passage of an appropriations bill, which is signed into law by the President of the United States.

The legally adopted budget is the annual Appropriations Act passed by Congress and signed by the President. The Appropriations Act authorizes expenditures at the agency level and by appropriation title (function), such as Public Safety and Justice; Human Support Services; or Public

Education. To revise planned expenditures for any function, Congress must enact the appropriate legislation. However, the District may reallocate budgeted amounts using the District's reprogramming process in accordance with applicable legal requirements.

The District utilizes budgetary controls designed to monitor compliance with expenditure limitations contained in the annual Appropriations Act. Both automation and sound governance provide strong budgetary controls. The annual budget is assigned specific accounting attributes and is uploaded into the District's accounting system of record, thereby establishing the budget authority for each entity within the District government. The budget authority established in the system of record is then reconciled to the levels of funding authorized by the Appropriations Act. In addition, on an annual basis, independent auditors review the budgetary comparison statement to ensure compliance with federally approved amounts and to determine whether budget adjustments are properly documented and approved.

The "District Anti-Deficiency Act of 2002" (the Act), which became effective on April 4, 2003, introduced additional budgetary control requirements. This Act requires District managers to develop spending projections, by source of funds, on a monthly basis, which show year-to-date spending, approved budget, year-end projected spending, explanations of variances greater than 5% or \$1 million, and planned corrective actions for instances of overspending. Spending projections are required to be submitted to the agency head and the Agency Fiscal Officer. Summarized spending projections must be submitted to the District's Chief Financial Officer (CFO) no later than 30 days after the end of each month.

Other reporting requirements have also been established to enhance the District's budgetary control policies and practices. Consistent with D.C. Code § 47-355.04, agency heads and Agency Fiscal Officers are to submit jointly a monthly spending plan for the fiscal year to the District's CFO by October 1 of each fiscal year. In addition, pursuant to D.C. Code § 47-355.05, the District's CFO is to submit quarterly reports to the Council and the Mayor that present each agency's actual expenditures, encumbrances, and commitments, each by source of funds, compared to each agency's approved spending plan. This report is required to be accompanied by the District CFO's observations regarding spending patterns and steps being taken to ensure that spending remains within the approved budget. These reports are used by the District's Anti-Deficiency Review Board to assess cases of overspending.

In addition, the District uses encumbrance accounting as a means of strengthening budgetary controls and financial reporting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system of record in order to reserve the portion of the related

appropriation that will be needed for the expenditure. Therefore, the recording of encumbrances is a valuable tool used by the District to ensure that expenditures are within budgeted amounts. Generally, encumbered amounts lapse at year-end in the General Fund but not in the Capital Projects Fund, Special Revenue Fund, or the Federal and Private Resources Fund.

## **Fund Balance Reserves:**

### **Congressionally Mandated**

Through Congressional mandate, the District is required to maintain cash reserves totaling 6% of the previous fiscal year's general fund expenditures less debt service cost. The 6% is comprised of a contingency cash reserve of 4% and an emergency cash reserve of 2%. The contingency cash reserve may be used to provide for nonrecurring or unforeseen needs (e.g., severe weather or other natural disasters, and unexpected obligations created by federal law) that arise during the fiscal year or to cover revenue shortfalls experienced by the District for three consecutive months. The emergency cash reserve may be used to provide for unanticipated and nonrecurring extraordinary needs of an emergency nature (e.g., natural disaster or calamity) and may be used in the event that the Mayor declares a State of Emergency in the District.

### **Mandated by the District**

#### Fiscal Stabilization Reserve

The fiscal stabilization reserve may be used by the Mayor for the same purposes for which the contingency reserve was established. However, this reserve may not be used for cash flow management purposes. At full funding, the fiscal stabilization reserve must equal 2.34% of the District's General Fund operating expenditures for each fiscal year.

#### Cash Flow Reserve

The cash flow reserve may be used by the District's CFO as needed to manage the District's cash flow. When a portion of the reserve is used to meet cash flow needs, this reserve must be replenished in the same fiscal year the amounts were used. At full funding, the cash flow reserve must equal 8.33% of the General Fund operating budget for each fiscal year.

## **District Accounting and Financial System**

### Accounting System

The District's accounting system is organized and maintained on a fund basis. A fund is a separate, distinct accounting entity that has its own assets, liabilities, equity,

revenues, and expenditures/expenses. The District uses GAAP when determining the types of funds to be established and is guided by the “minimum number of funds principle” and sound financial management practices when determining the number of funds within each fund type.

#### Measurement Focus and Basis of Accounting

The District’s financial statements are prepared in accordance with GAAP. Accordingly, the measurement focus and basis of accounting applied in the preparation of government-wide financial statements and fund financial statements are as follows:

- The government-wide financial statements focus on all of the District’s economic resources and use the full accrual basis of accounting.
- Fund financial statements focus primarily on the sources, uses, and balances of current financial resources and use the modified accrual basis of accounting.
- Specialized accounting and reporting principles and practices apply to governmental funds. Proprietary funds, component units and pension trust funds are accounted for in the same manner as business enterprises.
- The budgetary basis of accounting is used to prepare the budgetary comparison statement presented in Exhibit 2-d found on page 47. This basis of accounting differs from the GAAP basis as described below:
  - **Basis Differences** - The District uses the purchase method for budgetary purposes and the consumption method for GAAP basis accounting for inventories. Under the purchase method, purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Under the consumption method, an expenditure is recognized only when the inventory items are used rather than purchased.
  - **Entity Differences** - This basis relates to inclusion or exclusion of certain activities for budgetary purposes as opposed to those included or excluded on a GAAP basis for reporting purposes. Such activities primarily include the following as reported in Exhibit 2-d found on page 47:
    1. Fund balance released from restrictions
    2. Proceeds from debt restructuring
    3. Accounts receivable allowance
- 4. Operating surplus from enterprise funds
  - **Perspective Differences** – Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is used to construct the basic financial statements. The District does not have any significant budgetary perspective differences that limit its ability to present budgetary comparisons of its general fund. The District’s *Budgetary Comparison Statement* is presented as part of the basic financial statements in Exhibit 2-d on page 47.
  - **Timing Differences** – Timing differences can exist when there are significant variances between budgetary practices and GAAP, which may include continuing appropriations, project appropriations, automatic re-appropriations, and biennial budgeting. The District has no significant timing differences between its budgetary practices and its GAAP presentation of its financial statements.

#### **Transparency in Financial Reporting**

The OCFO continues to promote openness in government and transparency in financial reporting. Over the last decade, the District has opened its books to the public by posting online the annual operating budget and capital plan, the comprehensive annual financial report, and the popular annual financial report. In addition, the OCFO’s website provides information that allows taxpayers to review and assess the District’s financial status, programs, activities and services, and determine how their tax dollars are being used. This information includes: operating financial status reports, capital financial status reports, quarterly revenue estimates, monthly cash reports; monthly/annual economic indicators and other reports; Featured News (including press releases and Council Hearing written testimonies); and links to other useful information, such as the Taxpayer Service Center, the D.C. College Savings Plan, Unclaimed Property Division, and Invest in DC Bonds.

In addition, CFOInfo, a District government OCFO interactive dashboard, presents quarterly data on the current year budget and actual expenditures. Users can view data in graphical or tabular format and may create comparisons and cross tabs for more detailed analyses. CFOInfo may be used to access data regarding operating budgets, special purpose revenue, federal grants, financial status year-to-date and capital budgets.

## ECONOMIC CONDITION AND OUTLOOK

Over the past year, growth in employment within the District has slowed significantly as gains in the private sector have been barely able to offset public sector declines. However, population growth continues to be a major factor in increasing the District's income and sales tax bases, and is also a driving force behind rising home values. In the last four years (2009 to 2012), the District's population has grown by 40,000 (approximately 6.8%), an increase that has averaged more than 1,000 residents per month over this period of time. Developments in the national economy, such as continued economic growth, strong stock market gains, and low interest rates, contributed to the District's growing tax base in FY 2013.

Nonetheless, uncertainty continues to cloud the District's future economic picture. The main sources of uncertainty for the District are the efforts being made by the federal government to reduce federal deficits.

Approximately 25% of employed District residents work for the federal government. Federal civilian employment accounts for 28% of all wage and salary jobs located in the District and 34% of the wages and salaries that are generated in the city. Furthermore, federal contracting accounts for additional jobs and income in the area, which also contribute to the District's tax base. With such a dominant federal presence, significant changes in federal spending can have a major impact on the District's economy and revenues.

Pursuant to a law which became effective on March 1, 2013, all federal discretionary spending is subject to reduction. This measure, known as sequestration, requires across-the-board cuts to all defense and non-defense discretionary spending which began in FY 2013 and will continue throughout the remainder of the decade. Sequestration, along with other federal fiscal policy decisions regarding debt ceiling extensions, budget resolutions, and annual appropriations, can adversely affect the District's economy.

Late last year, Congress approved a budget that increased some federal spending. This budget tempers some of the uncertainty around federal fiscal policy through 2015. However, the budget agreement leaves in place much of the sequestration limits on federal spending through FY 2023. The budget agreement also leaves unresolved the long term federal budget deficit that will grow rapidly as the baby boomers retire and health care costs grow.

Federal government expansion cushioned the District and metropolitan area economies from the worst effects of the national recession over the past five years. The federal government will no doubt continue to anchor the District's economy, but given the ongoing federal fiscal policy

uncertainties, the federal government can no longer be counted on to be a source of significant growth.

### Highlights: The District's Economy

Highlights of recent trends in the District's economy include slowing job growth, increases in population and a strong housing market as presented below:

- Job growth has been slowing. In the three months ending July 2013, there were just 100 more wage and salary jobs located in the District than a year earlier. Of particular note, there were 5,867 fewer federal government jobs in July 2013 than there were a year earlier. Private sector jobs increased by 6,700 (1.4%) in July 2013 as compared to July 2012, however, this barely offset the public sector decline. Seasonally adjusted employment in July 2013 was 3,600 (0.5%) less than in January 2013.
- District resident employment in the three months ending July 2013 was 9,970 (3.0%) more than a year earlier. The unemployment rate rose slightly to 8.6% (seasonally adjusted rate), but was down from 9.0% a year earlier. Seasonally adjusted resident employment decreased 2,700 (0.8%) from January 2013 to July 2013.
- Home sales and prices continued to show gains in FY 2013. Single family sales for the three-month period ending July 2013 were up 13.0% from a year ago, and there was a 14.5% increase in the average selling price. Condominium sales were up 23.9% and the average price was 3.1% higher. The value of all home sale contracts for the three-month period ending July 2013 was 28.8% more than a year ago.
- Commercial office effective rents (the landlords' actual rental amounts after deducting concession value from tenants' base rental rates) have not been increasing; however, as of September 30, 2013, leased space was up 1.0% from a year ago, and the vacancy rate fell from 8.7% to 8.5% between April 2013 and September 2013.
- Hotel room-days sold for the three months ending June 2013 were 0.5% above the prior year, and associated revenues were up by 2.8%.

### **Key Factors in the District's Economy**

#### Population

The U.S. Census Bureau estimated that there were 646,449 residents in the District of Columbia, as of July 1, 2013. This represents an increase of 13,022, or 2.1%, from the revised July 1, 2012 estimate of 633,427. Annual census

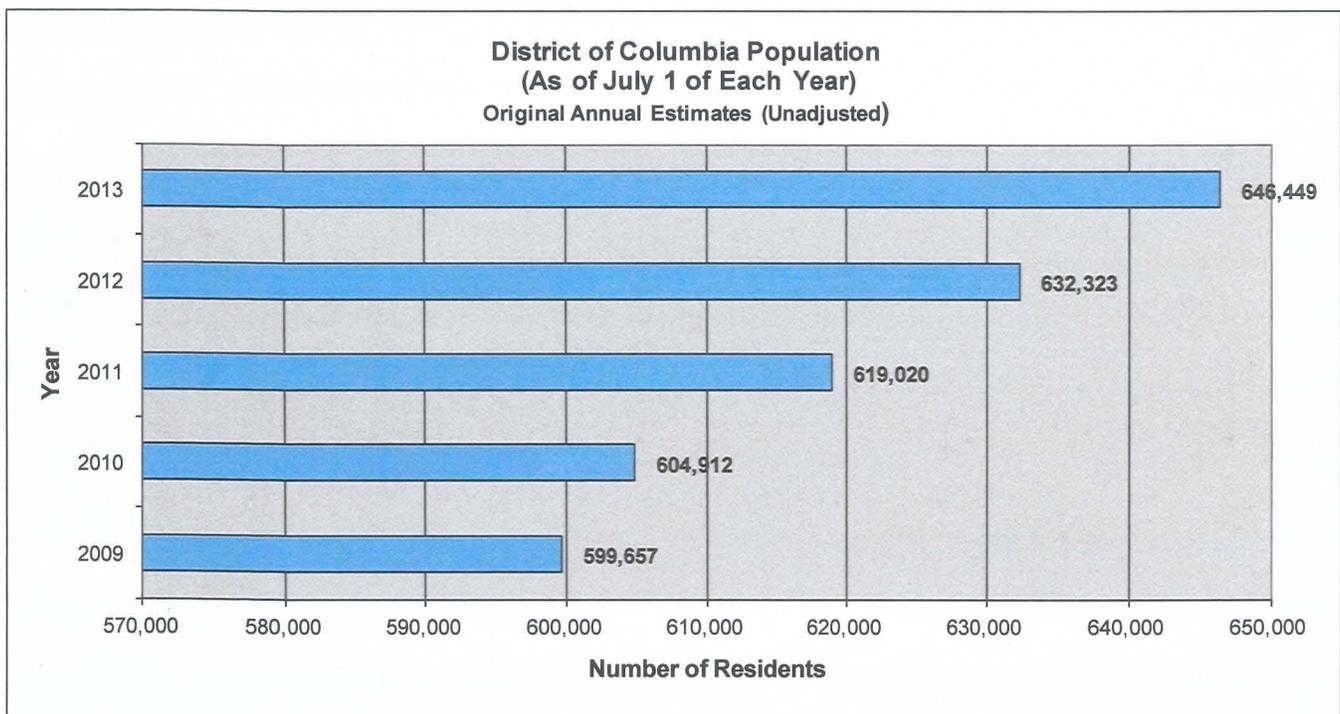
estimates are based on birth and death records, changes in tax return filings, and estimates of the number of immigrants who move into the District each year. **Chart T1** presents the District's population trends for calendar years 2009 through 2013.

Income Trends

Income has grown considerably in the District in recent years. From the third quarter of 2009 to the third quarter of 2013, personal income grew approximately 21.3% in the District as compared to 17.7% nationally.

The distribution of income in the District differs from that of the nation as a whole, with larger proportions at the higher and lower ends and a smaller proportion in the middle. Median household income data is not yet available for 2013; however, for the two-year period 2011 and 2012, the District's median household income of \$60,826 was 19.1% above the U.S. average. The Census Bureau estimates that 18.2% of the District's population was below the poverty line in 2012 as compared to 15.9% for all of the U.S.

**Chart T1 – Population Trends (2009 – 2013)**



Source: U.S. Census Bureau

Employment Trends

Total wage and salary employment in the Washington metropolitan area increased to approximately 3,070,500 in fiscal year 2013 from the revised 3,030,800 for fiscal year 2012, representing a 1.3% increase. These numbers exclude the self-employed, domestic workers, military and foreign government personnel, which represent a significant portion of the total workforce of the region. Some of the references to the 2012 employment numbers may differ from those presented in the fiscal year 2012 CAFR because of updates and revisions. **Table T2** presents 2013 labor market data for the District and the metropolitan region.

wage and salary employment. The seasonally adjusted September 2013 unemployment rate in the District was 8.6%, compared to the September 2012 seasonally adjusted rate of 8.8%.

Total employment within the District increased to 733,300 as of September 2013 from the revised 730,000 as of September 2012. As the nation's capital, Washington, D.C. is the seat of the federal government and headquarters for most federal departments and agencies. The total September 2013 federal workforce in the Washington metropolitan area was 373,400; with approximately 204,300 federal employees located in Washington, D.C. and 169,100 additional federal employees who worked elsewhere in the Washington metropolitan area.

Total wage and salary employment within the District decreased slightly to 23.9% of the metropolitan area's total

Minimum Wage Rate

District law requires that the minimum wage rate for District employees be at least \$1.00 per hour more than the Federal minimum wage. Beginning on July 24, 2009, the Federal minimum wage rate was increased to \$7.25 per hour and has not been revised since that time. Therefore, effective July 24, 2009, the District's minimum wage rate increased to \$8.25 per hour and has remained unchanged through calendar year 2013.

In December 2013, the Council approved a measure to raise the District's minimum wage limit to \$11.50 per hour over the next three years as follows: \$9.50 per hour in 2014; \$10.50 per hour in 2015; and \$11.50 per hour in 2016. In January 2014, the Mayor signed the bill into law which gives District workers one of the nation's highest minimum wages.

**Table T2– 2013 Labor Market Data for the District and Surrounding Metropolitan Area**

**Labor Market (000s): FY 2013**

Item	District of Columbia			Metropolitan Area		
	Level	1 yr. change (number)	1 yr. change (%)	Level	1 yr. change (number)	1 yr. change (%)
Employed residents	337.8	14.4	4.4	3,026.5	33.6	1.1
Labor force	369.4	13.0	3.6	3,200.2	27.7	0.9
Total wage and salary employment	733.3	3.3	0.4	3,070.5	39.7	1.3
Federal government	204.3	-4.3	-2.1	373.4	-4.6	-1.2
Local government	34.1	-0.6	-1.7	319.3	10.2	3.3
Leisure & hospitality	66.6	1.6	2.4	288.6	11.2	4.0
Trade	23.2	-0.5	-2.1	327.3	2.1	0.7
Education and health	117.4	3.7	3.3	384.4	9.4	2.5
Prof., bus., and other services	223.8	3.6	1.6	894.7	7.6	0.9
Other private	63.8	-0.2	-0.3	482.8	3.8	0.8
Unemployed	31.7	-1.4	-4.1	173.7	-5.9	-3.3
New Unemployment Claims	1.9	0.13	7.3			

Sources: U.S. Bureau of Labor Statistics (BLS) & D.C. Dept. of Employment Services (DOES)

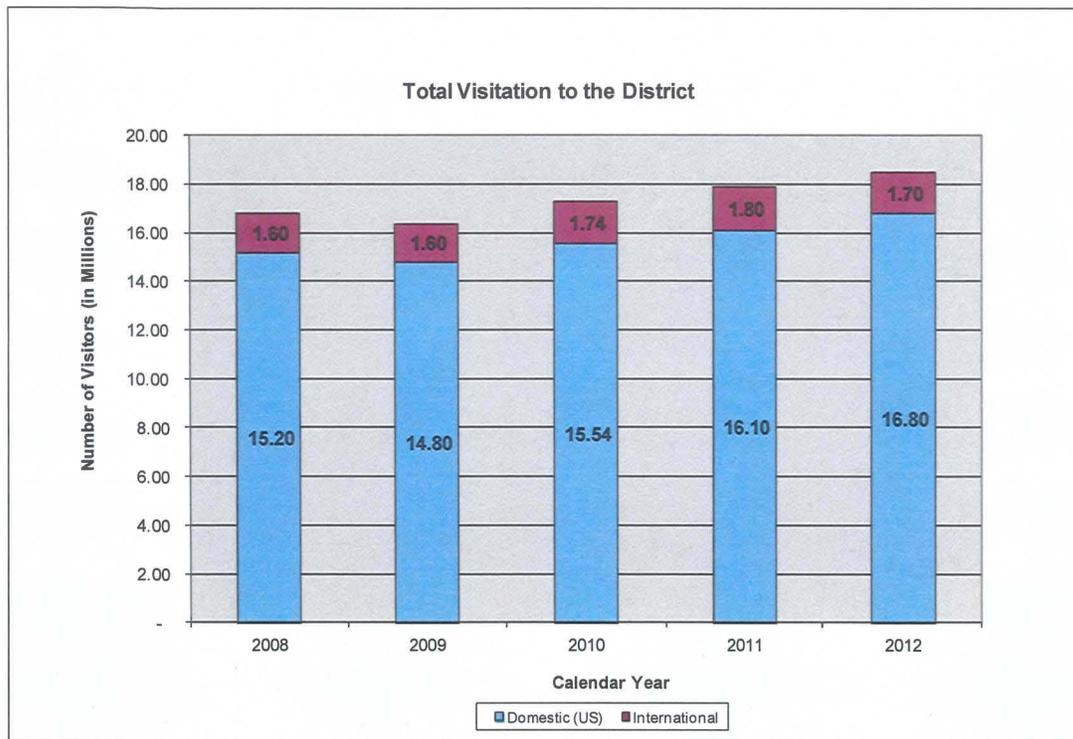
All data are monthly averages for the fiscal year and are preliminary, not seasonally adjusted.

Tourism and Hospitality

Millions of U.S. citizens and international tourists visit the District's more than 400 museums and other historical landmarks each year. Popular attractions include sites along the National Mall, numerous monuments to U.S. presidents, war memorials, and other museums. The presence of a large number of foreign embassies, recognized diplomatic missions, and other international organizations in the District helps to boost tourism. In calendar year 2012, approximately 16.8 million domestic visitors and 1.7 million international visitors traveled to the District. During calendar year 2012, the District was the eighth most visited destination in the U.S. for international travelers. **Chart T2** presents the trends in tourism for calendar years 2008 through 2012. Tourism data for calendar year 2013 is not yet available.

Visitor spending, which totaled approximately \$6.21 billion in 2012, generated additional business activity in related industries (e.g., hotel, restaurant, and retail) and continues to help sustain the local and regional economies. The distribution of visitor spending in 2012 (by category) was as follows: \$2.11 billion for Lodging; \$1.71 billion for Food and Beverage; \$1.02 billion for Entertainment; \$753 million for Shopping/Retail; and \$613 million for Transportation. Total visitor spending increased by \$18 million, or 3.0%, over the prior year. Hotel occupancy was approximately 75.1% at September 30, 2013. Travel and tourism supported more than 75,300 jobs in the District, generating approximately \$3.16 billion in wages.

Chart T2 – Trends in District Tourism (2008 – 2012)



Source: Data compiled by Destination DC (formerly the Washington Convention and Tourism Corporation)

Construction - Commercial Real Estate

Construction of commercial real estate slowed during calendar year 2013. At the end of 2013, commercial space under construction was down 11.9% over the prior year. Nonetheless, during the year, leased space increased by 1.61 million square feet and the vacancy rate (including sublet) within the District decreased from 9.3% at the end of 2012 to 9.2% at the end of 2013.

Construction – Housing Units

For the 12-month period ending August 31, 2013, 3,768 housing unit building permits were issued. This represents a 3.7% decrease over the prior 12-month period. **Table T3** presents the number of apartment units located in the District in 2009 through 2013.

**Table T3 - District Apartment Units (2009 – 2013)**

	2009	2010	2011	2012	2013
Inventory	87,090	87,970	88,710	89,464	91,121
Occupied Units	81,964	82,965	84,125	85,551	87,228

In calendar year 2013, there were 91,121 apartment units in the District, of which 87,228, or 95.7%, were occupied. It is anticipated that approximately 4,124 new apartment units will be added to the inventory between calendar years 2013 and 2014, and occupancy will grow by 3,495 units.

**THE DISTRICT’S BOND RATINGS**

Rating agencies assess the credit quality of municipal issuers and assign a credit rating to the issuer based on the outcome of their assessments. Consequently, rating agencies provide vital information to investors regarding the relative risks associated with rated bond issues. Attaining an acceptable credit rating is important to an issuer because it allows the issuer to more easily access the market and reduce borrowing cost.

The three primary agencies that rate municipal debt are: (1) Fitch Ratings; (2) Moody’s Investors Service; and (3) Standard & Poor’s Rating Service. The District’s ratings for its bonds have remained high over the last several years. **Table T4** presents the District’s ratings for the past five years for its General Obligation Bonds and Income Tax Secured Revenue Bonds.

Table T4 – Bond Rating History (Last Five Fiscal Years)

	General Obligation Bonds				
	2009	2010	2011	2012	2013
Fitch Ratings	A+	AA-	AA-	AA-	AA-
Moody's Investors Service	A1	Aa2	Aa2	Aa2	Aa2
Standard & Poor's Rating Service	A+	A+	A+	A+	AA-

	Income Tax Secured Revenue Bonds				
	2009	2010	2011	2012	2013
Fitch Ratings	AA	AA+	AA+	AA+	AA+
Moody's Investors Service	Aa2	Aa1	Aa1	Aa1	Aa1
Standard & Poor's Rating Service	AAA	AAA	AAA	AAA	AAA

### OTHER FACTORS AFFECTING THE DISTRICT'S FINANCIAL POSITION

The District, as the central urban location of a large metropolitan area, houses a disproportionately large share of the area's poor and needy population. The District's overall poverty rate of 18.2% and child poverty rate of 26.5% are significantly higher than the U.S. average and that of neighboring counties in Maryland and Virginia. Unlike other urban jurisdictions, the District cannot pool resources across suburban areas to serve its urban poor. Yet, it must provide state-level services such as healthcare, housing and welfare, largely through its own resources.

Moreover, the costs of delivering services to District residents are high. Labor costs in the District are 21% above the national average for public services, and the costs associated with acquiring capital goods and services are 55% above the national average. The high cost of delivering services to a large population in need of healthcare, housing, welfare and other similar services or assistance severely strains the District's financial resources. It has been estimated that if the District were to offer a basket of public services that prevail as "average" among all the state and local governments, it would have to spend 31% more than the national average to deliver it.

The District's ability to pay the high costs of service delivery is limited by several federally mandated restrictions. The federal government has restricted the District's tax base by prohibiting the taxation of federal real property. However, the federal government does not provide a Payment in Lieu of Taxes to compensate for this lost tax revenue. In addition, the Home Rule Act prohibits the District from taxing nonresident income. This prohibition significantly reduces the District's income tax base because approximately 55% of the amounts earned in the District of Columbia cannot be taxed.

As a result of these restrictions on the District's tax revenue collections, District residents must bear a disproportionate share of the costs of public services, while the benefits generated by the District are shared by a much larger community. Under slower revenue growth scenarios, District services could become severely impaired.

The U.S. Government Accountability Office (GAO), in its report entitled, "District of Columbia – Structural Imbalance and Management Issues," described the impact of the high cost of living, high poverty and crime rates, and limited tax base on the District's financial operations and estimated the range of the District's structural deficit to be between \$470 million to \$1.1 billion annually. Although the GAO's report, which was issued in May 2003, discusses conditions that existed at that time, the District's financial operations continue to be negatively impacted by the conditions reported.

### LONG-TERM FINANCIAL PLANNING

As a result of improved financial management practices over the years, the District has been able to develop and operate within more disciplined budgets and address issues faced during the most challenging economic times. Accordingly, District officials have developed and implemented a plan for maintaining a strong, stable financial environment, which includes: monitoring and analyzing the District's quarterly revenue estimates and making spending adjustments throughout the year, as necessary; identifying sound measures to enhance revenue streams; and developing and implementing plans to minimize costs without sacrificing essential programs or services.

<b>MAJOR INITIATIVES</b>
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Many initiatives and projects have been completed, are in progress, or have been planned which will help sustain the District's economy and produce strong financial results. Several of the District's major initiatives and projects are presented in Tables T5 and T6.

**Table T5 – Top Projects Completed (by Economic Sector)**

Project	Location	Square Footage/Units	Estimated Value (in \$000s)	Delivery Date
<b>Retail:</b>				
Rhode Island Row	2300 - 2350 Washington Place, N.E.	70,000	\$ 20,000	4th Qtr 2012
Capitol View on 14th	2400 14th Street, N.W.	15,617	\$ 126,000	2nd Qtr 2013
Progression Place	1805 7th Street, N.W.	19,200	\$ 140,000	3rd Qtr 2013
<b>Office:</b>				
U.S. Coast Guard Headquarters Building	2701 Martin Luther King, Jr. Avenue, S.E.	1,179,550	\$ 950,000	3rd Qtr 2013
<b>Residential:</b>				
TrilogyNoMa	150, 151, 200 Q Street, N.E.	603 units	\$ 160,000	4th Qtr 2012
Capitol View on 14th	2400 14th Street, N.W.	255 units	\$ 126,000	2nd Qtr 2013
<b>Hospitality:</b>				
Courtyard by Marriott	515 20th Street, N.W.	91,070/149 rooms	\$ 45,000	1st Qtr 2013
The Concordia	1250 New Hampshire Ave., N.W.	92,000/121 rooms	\$ 23,000	2nd Qtr 2013
Hampton Inn H Street	1729 H Street, N.W.	57,000/116 rooms	Not Provided	2nd Qtr 2013
<b>Education and Medical:</b>				
Cardozo High School	1200 Clifton Street, N.W.	395,000	\$ 100,000	3rd Qtr 2013
Dunbar Senior High School	1301 New Jersey Avenue, N.W.	258,800	\$ 122,000	3rd Qtr 2013

Source: Washington, D.C. Economic Partnership (D.C. Development Report 2013/2014 Edition)

Table T6 – Projects Under Construction

Project	Location	Retail Square Footage/Units	Estimated Value (in \$000s)	Estimated Delivery Date
<b>Retail:</b>				
CityCenterDC	9th, 10th, 11th, H, and I Streets, N.W.	185,000	\$ 700,000	4th Qtr 2013
City Market at O Street	1400 7th Street, N.W.	87,000	\$ 300,000	4th Qtr 2013
<b>Office:</b>				
CityCenterDC	9th, 10th, 11th, H and I Streets, N.W.	515,000	\$ 700,000	4th Qtr 2013
<b>Residential:</b>				
CityCenterDC	9th, 10th, 11th, H, and I Streets, N.W.	674 units	\$ 700,000	4th Qtr 2013
City Market at O Street	1400 7th Street, N.W.	497 units	\$ 300,000	4th Qtr 2013
<b>Hospitality:</b>				
Convention Center Hotel (Marriott Marquis)	901 Massachusetts Avenue, N.W.	1,076,363 sq ft/ 1,175 rooms	\$ 520,000	2nd Qtr 2014
City Market at O Street (Cambria Suites)	1400 7th Street, N.W.	117,000 sq ft/ 182 rooms	\$ 280,000	2nd Qtr 2014
<b>Education and Medical:</b>				
New Sibley	5256 Loughboro Road, N.W.	439,000	\$ 200,000	3rd Qtr 2016
Howard University Dorms	4th and Bryant Street, NW	393,812	\$ 107,000	3rg Qtr 2014
Ballou Senior High School	3401 4th Street, S.E.	365,000	\$ 130,000	3rd Qtr 2014
Washington College of Law	Tenley Campus	322,300	\$ 125,000	3rd Qtr 2015
Science and Engineering Hall	22nd and H Streets, N.W.	290,000	\$ 275,000	1st Qtr 2015

Source: Washington, D.C. Economic Partnership (D.C. Development Report 2013/2014 Edition)

#### Office and Hospitality Projects:

- **U.S. Department of Homeland Security Headquarters (St. Elizabeth's West Campus):**

In September 2009, the U.S. Department of Homeland Security (DHS) and the U.S. General Services Administration broke ground for the \$3.4 billion consolidated DHS headquarters, on the west campus of the old St. Elizabeth's Hospital. The first phase of this project is the new energy-efficient, 1.18 million square foot Coast Guard headquarters facility. The U.S. Coast Guard began moving into its new headquarters in August 2013 and is expected to complete the relocation from the old Buzzards Point facility by November 2013. The new headquarters facility will house approximately 3,700 Coast Guard employees.

When completed, the DHS headquarters will house approximately 14,000 employees working in the following DHS components: Transportation Security Administration, Customs and Border Protection, Immigration and Customs

Enforcement, and the Federal Emergency Management Administration.

- **Convention Center Hotel**

On November 10, 2010, the District broke ground on the 14-story Washington Convention Center Marriott Marquis Hotel. One of only four Marriott Marquis properties in the country, the hotel will have 1,175 rooms (including 46 suites) and more than 53,000 square feet of meeting space. The hotel will feature an elegant lobby and five separate retail and restaurant outlets on the ground floor; a 30,000-square foot grand ballroom; two 10,800-square foot junior ballrooms; an 18,800-square foot indoor event terrace; and a 5,200 square foot rooftop terrace.

The estimated cost of this project is \$520 million. District officials approved \$206 million in funding for the hotel during the summer of 2010 and the developer secured financing from private investors. The new hotel is expected to create about 1,000 permanent jobs.

The four-star boutique-style hotel, a mix of glass and steel, is scheduled to open in May 2014. The hotel has begun taking individual leisure travel reservations for visits starting July 1, 2014 and a number of conference bookings have also been received.

- **CityCenter DC**

Construction began in March 2011 on CityCenter DC, a \$700 million complex with 2.5 million square feet of office, residential, and retail space as well as a public plaza and park. CityCenter DC is located on the site of the former Washington Convention Center, bounded by New York Avenue, N.W., 9<sup>th</sup> Street N.W., H Street, N.W., and 11<sup>th</sup> Street, N.W.

The principal owner of the CityCenter DC project is the Qatari Diar Real Estate Investment Company. This real estate arm of the Persian Gulf state of Qatar made a \$620 million equity investment in the project.

CityCenter DC's Phase I will include six buildings (two for apartments, two for condominiums, and two for offices), which will be connected by a public courtyard. There will be 458 apartments, 216 condominiums, 185,000 square feet of retail space, 515,000 square feet of office space and four levels of underground parking. A luxury hotel is also planned for the project's second phase.

The project's developers officially began marketing the condominiums, dubbed the Residences at CityCenter, in February 2013. The Apartments at CityCenter were introduced to the market during the summer of 2013.

#### **Transportation Projects:**

- **D.C. Streetcar**

The District plans to build a \$1.5 billion network of eight streetcar lines throughout the city by 2020, providing transit links in areas currently lacking Metrorail access. Construction on the project began in 2008. The first line will be along H Street/Benning Road in the Northeast area of the District.

Approximately 80% of the construction for the H Street/Benning Road line was completed in 2011 as part of the Great Street project. The remaining 20% of the work began in December 2012. Design and construction is under way for the streetcar turnarounds; car barn training center;

installation of poles and overhead wires; track installation for turnarounds/pocket tracks; and final roadwork for turnarounds.

The District purchased its first "modern streetcars" in late 2009. These cars are approximately eight feet wide and approximately 66 feet long, about 10 inches narrower than, and one-third the length of, a light rail double car train. The modern streetcars are able to operate in mixed traffic and can easily accommodate existing curbside parking and loading. The District Department of Transportation currently has three streetcars on hand and has three additional streetcars on order.

Preliminary engineering for the commissioning track, storage yard and maintenance facility began in Fall 2012. Construction of this facility, termed the Testing and Commissioning Site, was completed during fiscal year 2013. In April and May 2013, the District's three streetcar vehicles were transferred to this site in order to begin the testing and commissioning process. Testing and commissioning ensures that the streetcars are safe for the public and that their drivers are trained and experienced before service begins.

Future streetcar lines planned or under consideration include:

- Anacostia Initial Line Segment – a 1.1 mile planned streetcar line connecting the Anacostia Metro Station with the Joint Base Anacostia-Bolling via Firth Sterling Avenue and South Capitol Street.
- Anacostia Extension – streetcar extension between the Anacostia Metrorail Station and the 11<sup>th</sup> Street Bridge through historic Anacostia.
- Benning Road Extension – extension of streetcar service from Benning Road across the Anacostia River connecting with either the Benning Road or Minnesota Avenue Metro stations.
- M Street S.E./S.W. – line which includes areas within M Street S.E./S.W., along the Southwest waterfront from 12<sup>th</sup> Street S.E. to 14<sup>th</sup> Street, S.W. and from the Southwest/Southeast Freeway, south to the Anacostia River/Washington Channel.
- North-South Corridor – a one mile corridor that includes most of the inner Southwest, crossing the National Mall, which is generally bound by 14<sup>th</sup> Street and 5<sup>th</sup> Streets N.W.
- Union Station to Georgetown – east-west corridor from Union Station to Georgetown.

- **Capital Bikeshare:** In September 2010, the District launched Capital Bikeshare, a regional bike sharing network which now includes over 2,500 bicycles throughout the District; Arlington, and Alexandria, Virginia; and Montgomery County, Maryland. Bikes are docked at bike stations where they remain locked to racks until a Capital Bikeshare member releases one for use. Anyone can become a Bikeshare member by paying the following fees: for 24 hours, \$7; for 3 days, \$15; one month, \$25; or for a full year, \$75.

Members who sign up for longer than a day receive palm-size bar-coded cards. These cards are slipped into a slot to release a bike. The first 30 minutes of each ride are free, after which an additional fee consistent with the Capital Bikeshare fee schedule is assessed.

For more information on Capital Bikeshare, including membership and fees, visit: [capitalbikeshare.com](http://capitalbikeshare.com).

The District has also implemented projects and initiatives which focus on protecting the environment. One such initiative is described more fully below:

- **Anacostia River Clean Up and Protection Fund/ Carryout Bag Fees:** During fiscal year 2010, the District established the Anacostia River Clean Up and Protection Fund, which is to be used solely to fund efforts to clean and protect the Anacostia River and the other impaired waterways.

In January 2010, to help fund such efforts, the District began levying a five-cent “bag tax” on District consumers. A consumer making a purchase from a retail establishment within the District must pay, at the time of purchase, a fee of five cents for each disposable carryout bag he or she receives. During fiscal year 2013, the District collected approximately \$2 million in bag taxes. Since the inception of the tax in 2010, the District has collected more than \$7 million in such taxes.

The District makes every effort to implement initiatives that will enhance the quality of services to District residents and the general public. Over the last several years, the District has introduced numerous innovative initiatives to improve service delivery, some of which included the following:

- **Electronic Payment of Taxi Fares:** With the passage of the Taxicab Service Improvement Act of 2012, the District’s taxicab fleet was required to be modernized by making vehicle and equipment improvements. As part of the

modernization efforts, taxicabs were to be equipped with a meter system that: facilitates non-cash payment of a taxicab fare, including credit cards, debit cards, and other generally acceptable means of purchasing goods and services; prints receipts to passengers automatically; and allows non-cash payment to be made in the rear compartment of the taxicab without handling by the taxicab operator. The meter will collect trip-sheet data and produce electronic manifests for drivers through the use of GPS technology. In addition, taxicab modernization will include new smart phone applications that will open up new links between passengers and drivers.

Installation of the new payment system, which includes a smart taximeter, driver device, receipt printer and passenger console, began on June 1, 2013. The first deadline for having the equipment installed was August 31, 2013 and a final deadline of September 30, 2013 was established for vehicle owners who had a signed contract with a payment service provider and had been approved for a scheduled installation. As of September 30, 2013, approximately 80% of the District’s roughly 6,500 licensed taxis had been outfitted with the new equipment and system.

- **DC311 Smartphone App:** In April 2012, the District launched the DC311 free Smartphone App, which may be used by residents to report up to 80 different common, non-emergency quality-of-life issues, such as potholes, graffiti, downed trees, and streetlight outages. The DC311 App may also be used to upload pictures and track the status of requests made. In addition, a mapping function may be used to determine where requests have been made.

The DC311 Smartphone App, together with the Citywide Call Center and 311 Online, offer ways by which the community can report non-emergency problems that need to be rectified. Information from each of these sources is funneled into one centralized database for monitoring and resolution.

- **Pay-By-Phone Parking:** The Pay-By-Phone Parking initiative, designed to make parking in the District more convenient, was implemented in fiscal year 2011.

The District Department of Transportation rolled out the pay-by-phone parking program on a District-wide basis to enable residents, workers, and visitors to use their mobile telephones to pay for parking at all of the District’s approximately

17,000 on-street metered spaces. Pay-by-phone parking gives drivers another convenient payment option. Instead of feeding cash or a credit card into a meter, transactions may be completed by telephone, on the Internet, or by using a mobile application (“app”) (available for the iPhone, Android, and Blackberry).

Additional information about these and other initiatives within the District may be obtained from the following:

- **Office of the Deputy Mayor for Planning & Economic Development**  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite 317  
Washington, D.C. 20004  
Telephone: (202) 727-6365  
Website: <http://dcbiz.dc.gov>
- **District Department of Transportation**  
55 M Street, S.E., Suite 400  
Washington, D.C. 20003  
Telephone: (202) 673-6813  
Website: <http://ddot.dc.gov>
- **Office of Planning**  
1100 Fourth Street, S.W., Suite E650  
Washington, D.C. 20024  
Telephone: (202) 442-7600  
Website: <http://planning.dc.gov>
- **Department of Parks and Recreation**  
3149 16<sup>th</sup> Street, N.W.  
Washington, D.C. 20010  
Telephone: (202) 673-7647  
Website: <http://dpr.dc.gov>
- **Department of General Services**  
2000 14<sup>th</sup> Street, N.W., 8<sup>th</sup> Floor  
Washington, D.C. 20009  
Telephone: (202) 727-2800  
Website: <http://dgs.dc.gov>
- **U.S. General Services Administration**  
1800 F Street, N.W.  
Washington, D.C. 20405  
Telephone: (202) 501-0705  
Website: <http://www.gsa.gov>

## AWARDS AND ACKNOWLEDGMENTS

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District of Columbia for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2012. The District has received this award for 29 of the last 31 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2013 CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also earned an award from GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2012, for the tenth consecutive year. The PAFR presents the District’s financial results in a format and language that allows information to be more easily understood by the general public. The PAFR is not required to present the same level of detail as the CAFR. It contains very few financial statements, less technical language, and more graphics and photographs.

Like the Certificate of Achievement, the Award for Popular Annual Financial Reporting is valid for one year only. The District expects that the fiscal year 2013 PAFR, which will be issued within 30 days after the CAFR is completed, will conform to the Award for Popular Annual Financial Reporting Program requirements. It will also be submitted to the GFOA to determine its eligibility for another award.